

## Message Text

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C O N F I D E N T I A L STATE 214139

HOLD FOR OPENING OF BUSINESS

E.O. 11652: GDS

TAGS: MPOL, NATO

SUBJECT: LONG-TERM DEFENSE PROGRAM: RATIONALIZATION TASK  
FORCE

REF: USNATO 07837 DTG 161819Z AUG 77

1. YOU MAY RELEASE TEXT OF FOLLOWING NON-PAPER TO DIRECTOR  
OF TASK FORCE EIGHT. WE HOPE PAPER, WHICH DOES NOT REPEAT  
NOT REPRESENT FORMAL USG POSITION, WILL PROVIDE USEFUL  
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DEPARTURE POINT FOR TASK FORCE'S DELIBERATIONS BEGINNING  
WITH ITS MEETING OF SEPTEMBER 8. WE SUGGEST CLASSIFICATION  
OF NATO CONFIDENTIAL FOR PAPER.

2. BEGIN TEXT.

AN ACTION PROGRAM TO ACHIEVE NATO STANDARDIZATION/

INTEROPERABILITY AND RATIONALIZATION OF ARMS PRODUCTION

- THIS PAPER ADDRESSES THE KEY QUESTION OF HOW TO ACTUALLY GET STANDARDIZATION AND INTEROPERABILITY (S/I), WHICH IN TURN REQUIRES MORE RATIONAL SHARING OF R AND D AND ARMS PRODUCTION, INCLUDING MORE OF A TWO-WAY STREET. THIS IS AN INCREDIBLY COMPLEX PROBLEM AREA, WHICH HAS NEVER BEEN SYSTEMATICALLY ANALYZED.

- FIRST, WE SHOULD TRY TO PUT S/I AND THE TWO-WAY STREET IN PROPER PERSPECTIVE. THEY ARE TWO IMPORTANT ASPECTS OF THE BROADER PROCESS OF ACHIEVING AN OPTIMIZED COALITION POSTURE. SINCE FULL DEFENSE INTEGRATION IS OUT OF THE QUESTION POLITICALLY, NATO HAS DUBBED THIS PROCESS QTE ALLIANCE COOPERATION. UNQTE. BUT WHAT KIND OF QTE COOPERATION UNQTE DOES NATO MEAN? STANDARDIZATION AND INTEROPERABILITY ARE TWO KEY PARTS OF THE BROADER CONCEPT, RATIONALIZATION. RATIONALIZATION ALSO INCLUDES HARMONIZATION OF DOCTRINE, TACTICS AND PROCEDURES, MORE COMMONALITY IN LOGISTIC SUPPORT SYSTEMS, MORE JOINT TRAINING AND SCHOOLING, MORE COMBINED PLANNING AND PROGRAMMING OF RESOURCE ALLOCATION, AND THE LIKE. INDEED, ACHIEVING THESE THINGS IS MORE LIKELY TO DRIVE ULTIMATE STANDARDIZATION THAN VICE VERSA, BECAUSE IN GENERAL THEY ARE PROBABLY EASIER TO ACHIEVE AND WILL PROMOTE LATER STANDARDIZATION.

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- STANDARDIZATION AND INTEROPERABILITY TOO ARE INDISPENSABLE TO AN OPTIMALLY BALANCED COALITION POSTURE. WE SIMPLY CAN'T ACHIEVE IT AT POLITICALLY FEASIBLE COST UNTIL WE GET GREATER EQUIPMENT AND MUNITIONS COMMONALITY OR INTERCHANGEABILITY.

- THIS IS NOT SOMETHING WHICH CAN BE DEALT WITH SEPARATELY FROM OTHER ASPECTS OF NATO'S DEFENSE POSTURE AS A DISCRETE PROBLEM AREA. RATHER IT MUST BECOME AN INTEGRAL PART OF EACH R AND D AND SYSTEMS ACQUISITION DECISION IF WE ARE TO GET CONCRETE RESULTS. S/I AND THE TWO-WAY STREET MUST BECOME KEY R AND D AND ACQUISITION PARAMETERS. HENCE THIS PAPER WILL FOCUS RATHER ON HOW TO NATO-IZE THE R AND D AND SYSTEMS ACQUISITION PROCESS -- AND DRIVE IT TOWARD COMMONALITY.

- THE TIME IS RIPE TO DO SO. THERE HAS BEEN AN ENCOURAGING EVOLUTION IN ATTITUDES OVER RECENT YEARS. IT IS NOW WIDELY RECOGNIZED THAT NATO CANNOT ACHIEVE A CREDIBLE DETERRENT POSTURE AT POLITICALLY ACCEPTABLE COST WITHOUT A MUCH HIGHER DEGREE OF COMMONALITY. THIS DAWNING

RECOGNITION HAS RESULTED IN INCREASED ATTENTION TO GREATER QTE ALLIANAE COOPERATION UNQTE (AS IT IS CALLED IN NATO'S MINISTERIAL GUIDANCE), STANDARDIZATION, INTEROPERABILITY, HARMONIZED ARMAMENTS PLANNING, SPECIALIZATION. FOR EXAMPLE, THIS INCREASED ATTENTION TO ALLIANCE COOPERATION WAS ENDORSED BY THE NEW US ADMINISTRATION, WHEN IT ISSUED THE US DEPARTMENT OF DEFENSE DIRECTIVE 2010.6 ON S/I.

I. WHAT ARE THE REAL DIMENSIONS OF THE PROBLEM?

STANDARDIZATION, IN THE SENSE OF IDENTICAL, COMMON EQUIPMENT, IS A LONG-TERM GOAL WITH GREAT POTENTIAL. STANDARDIZATION OF COMPLETE WEAPON SYSTEMS PROMISES GREAT CONFIDENTIAL

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INCREASES IN ALLIANCE COMBAT CAPABILITIES FOR A GIVEN EXPENDITURE OF RESOURCES -- PROVIDED WE COOPERATE JOINTLY TO CUT BACK DUPLICATIVE R AND D AND ACHIEVE PRODUCTION ECONOMIES OF SCALE. BUT WE MUST ACT NOW IF WE ARE TO ACHIEVE IN 5, 10, OR 15 YEARS THE POTENTIAL BENEFITS OF STANDARDIZATION.

AT THE SAME TIME, STANDARDIZATION, LIKE ALL SOLUTIONS, HAS ITS LIMITATIONS. IT IS HARD TO GET STANDARDIZATION OF EXISTING SYSTEMS, OR EVEN MOST SYSTEMS FAR ALONG IN DEVELOPMENT, SINCE THESE REPRESENT SUNK COSTS WHICH NATIONS WILL BE RELUCTANT TO WRITE OFF. OUR BEST OPPORTUNITY FOR STANDARDIZATION IS WITH A SYSTEM IN ITS CONCEPTUAL STAGE OR EARLY DEVELOPMENT, AND IN EITHER CASE THE MAJOR COMBAT IMPROVEMENTS AND RESOURCE SAVINGS MAY BE A DECADE AWAY. BECAUSE OF NATIONAL VESTED INTERESTS, STANDARDIZATION IS THE HARDEST MOUNTAIN OF ALL FOR NATO TO CLIMB. IT IS WELL WORTH CLIMBING. BUT WE SHOULD NOT STRESS TO THE EXCLUSION OF MORE ACHIEVABLE GOALS THIS ONE ASPECT OF ALL THAT WE'RE SEEKING TO ACCOMPLISH IN THE NATO LONG-TERM PROGRAM WORK.

A. INTEROPERABILITY, ON THE OTHER HAND, OFFERS NEAR-TERM PAYOFFS.

- THE POLITICAL AND DOCTRINAL DIFFICULTIES OF MOVING DIRECTLY TO FULLY STANDARD WEAPONS ARE GREAT ENOUGH TO CAUSE US SIMULTANEOUSLY TO SEEK SHORTER TERM SOLUTIONS TO OUR RATIONALIZATION PROBLEMS. INTEROPERABILITY SOLUTIONS ARE EASIER AND QUICKER TO ACHIEVE AND CUMULATIVELY SIGNIFICANT IN THEIR MILITARY IMPACT. INTEROPERABILITY WILL IN ITSELF PROMOTE FULL STANDARDIZATION LATER. FOR EXAMPLE, IF NATO STANDARDIZES KEY MUNITIONS, THIS WILL CONFIDENTIAL

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INEVITABLY ENCOURAGE STANDARDIZATION OF DELIVERY SYSTEMS. THIS IS THE PRACTICAL VIEW OF THE MAJOR NATO COMMANDERS, TOO. IN SHORT, IN ADDITION TO PURSUING OPPORTUNITIES FOR STANDARDIZATION, IT MAKES PRACTICAL SENSE FOR NATO TO FOCUS ON INTEROPERABILITY AND INTERCHANGEABILITY, ESPECIALLY OF KEY MUNITIONS AND COMPONENTS, AS A COMPLEMENTARY MAJOR GOAL.

B. WE CAN JUSTIFY S/I EVEN MORE ON THE BASIS OF MILITARY EFFECTIVENESS THAN ON ECONOMIC GROUNDS.

- GIVEN THE ABOVE FACTS OF LIFE, THE STRONGEST ARGUMENT FOR COMMONALITY IS SHEER MILITARY COST-EFFECTIVENESS. ITS

CHIEF JUSTIFICATION SHOULD BE THAT IT WILL PRODUCE A SUPERIOR COALITION DETERRENT AND WARFIGHTING CAPABILITY WITHIN LIKELY NATO BUDGET CONSTRAINTS. MOREOVER, TO THE EXTENT THAT WE CAN OVERCOME THE WASTE AND DUPLICATION INHERENT IN NATO'S OVERLAPPING NATIONAL R AND D AND ARMAMENTS INDUSTRIES, AND PERMIT ECONOMIES OF SCALE, IT WILL RESULT IN WISER USE OF AVAILABLE RESOURCES. LASTLY, THERE ARE INSTANCES WHEN THE NEED FOR COMMONALITY IS SO OVERRIDING, AND THE COST OF THE TECHNOLOGY INVOLVED SO GREAT, THAT THERE IS NO POINT IN ANYTHING BUT COMMON PROCUREMENT (FOR EXAMPLE, NADGE AND NICS). THUS THERE IS NO DOUBT THAT GREATER COMMONALITY IS MORE COST EFFECTIVE.

- WE ARE ON SHAKIER GROUND IN ARGUING THAT IT WILL ALSO SAVE A LOT OF MONEY IN THE SHORT RUN. IT IS PRECISELY HERE WHERE PAROCHIAL NATIONAL INTERESTS -- PRESTIGE, PROTECTING HOME INDUSTRY AND LABOR, MINIMIZING BALANCE OF PAYMENTS DEFICITS, SHIELDING TECHNOLOGY, DESIRE FOR THIRD COUNTRY SALES -- POSE THE GREATEST OBSTACLES. BECAUSE THESE OBSTACLES ARE LARGELY BEYOND THE PURVIEW OF DEFENSE MINISTERS (THEY INVOLVE OUR LEGISLATURES, INDUSTRY, LABOR, OTHER MINISTRIES), THEY WILL BE THE HARDEST TO OVERCOME.

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IN THE PAST ALMOST EVERY NATO PRODUCTION-SHARING OR OFFSET SCHEME HAS ENTAILED SIGNIFICANTLY HIGHER COSTS THAN SOLE SOURCE PROCUREMENT. IN SOME INDIVIDUAL CASES IT HAS RUN 20-25 PERCENT MORE.

- BUT REAPING ALL THE ECONOMIC BENEFITS OF FULL STANDARDIZATION AND COMMON LEAST COST PROCUREMENT WILL ENTAIL SUCH

FAR-REACHING CHANGES IN NATIONAL PRACTICES AS TO BE A LONG-TERM PROPOSITION. IN THE LAST ANALYSIS, EVENTUAL PROCUREMENT OF STANDARDIZED EQUIPMENT AT LEAST COST WILL REQUIRE EXTENSIVE RATIONALIZATION OF NATO R AND D AND DEFENSE INDUSTRY. THIS CALLS FOR FLEXIBILITY IN APPROACH, INCLUDING RECOGNITION OF THE CONTRIBUTION OF ORGANIZATIONS SUCH AS THE IEPG.

C. THE EXISTING PIECEMEAL APPROACH WILL NOT MEET THE NEED.

- AT PRESENT S/I IS A HIT-AND-MISS PROPOSITION. IT OCCURS MOSTLY WHEN PRODUCER NATIONS PERCEIVE SALES OPPORTUNITIES OR CUSTOMER NATIONS HAVE A REQUIREMENT (USUALLY FOR REPLACEMENT OF OBSOLETE SYSTEMS). THUS THE PROCESS IS DRIVEN MORE BY COMMERCIAL CONSIDERATIONS THAN ACCORDING TO ANY RATIONAL PLAN. ONLY IN A FEW CASES LIKE NADGE OR NICS WAS A PERCEIVED NATO REQUIREMENT THE PRIMARY INCENTIVE. MOREOVER, WHEN CNAD AND ITS MANY SUBGROUPS HAVE TRIED TO GENERATE COOPERATIVE R AND D AND EVEN

PROCUREMENT, IT HAS BEEN MOSTLY ON AN ITEM-BY-ITEM BASIS. THIS IS ADMITTEDLY BETTER THAN NOTHING. BUT IS IT GOOD ENOUGH? AMONG OTHER THINGS, WE MAY BE CONCENTRATING ON LESS ESSENTIAL ITEMS, OFTEN JUST BECAUSE AN OPPORTUNITY EMERGES, WHILE NEGLECTING HIGHER PRIORITY (THOUGH LESS CONFIDENTIAL

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TRACTABLE) NEEDS. MOREOVER, SUCH PIECEMEAL APPROACHES TEND TO MAXIMIZE COSTS AND OBSCURE LARGER ADVANTAGES.

- PERHAPS THE MOST SYSTEMATIC APPROACH TO DATE HAS BEEN THAT OF THE NAC AD HOC COMMITTEE ON INTEROPERABILITY, WHICH OVER THE LAST 18 MONTHS HAS FOCUSED ON FIVE SELECTED AREAS (TACTICAL COMMUNICATIONS, TACTICAL AIRCRAFT REARMING, FUELS, TANK AMMO, AND STANAGS). BUT NATIONAL HESITATIONS IN THIS FORUM ILLUSTRATE THE DIFFICULTIES IN TACKLING AGREED HIGH PRIORITY PROBLEMS SYSTEMATICALLY. IN ANY CASE, IT IS THE EXCEPTION WHICH PROVES THE RULE.

- ANOTHER REFLECTION (OR CAUSE) OF THE PIECEMEAL APPROACH HAS BEEN NATIONAL REFUSAL TO IMPLEMENT COMMON MILITARY REQUIREMENTS. THEORETICALLY, THESE SHOULD DRIVE THE PROCESS. IN FACT NATO'S MILITARY AGENCY FOR STANDARDIZATION (MAS) MANAGED TO PROMULGATE DURING 1959-65 OVER FIFTY NATO BASIC MILITARY REQUIREMENTS (NBMRs). BUT THESE WERE SO SEDULUOUSLY IGNORED BY MOST ALLIES THAT THE SCHEME WAS DROPPED IN 1966 IN FAVOR OF ASSIGNING THE RESPONSIBILITY FOR S/I AND CO-PROCUREMENT TO A NEW HIGHER LEVEL CIVILIAN COMMITTEE OF NATIONAL ARMAMENTS DIRECTORS

(CNAD).

D. ON THE OTHER HAND S/I DOES NOT REQUIRE NATO-WIDE AGREEMENT.

- RATHER THAN HOLDING EVERYTHING UP UNTIL NATO-WIDE CONSENSUS CAN BE REACHED, IT MAKES SENSE TO GO AHEAD WITH AS MANY ALLIES AS CAN BE PERSUADED TO JOIN IN CASES WHERE INORDINATE DELAY WOULD BE THE PRICE FOR UNANIMITY.

II. INSTITUTIONALIZE A NATO R AND D AND PROCUREMENT PROCESS

- ONE MAJOR WAY TO DRIVE THE COMMONALITY PROCESS IN NATO  
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IS TO INSTITUTIONALIZE IT. AT PRESENT THERE IS NO COMMON NATO R AND D OR PROCUREMENT CONCEPT, PLAN, OR PROGRAM -- ONLY NATIONAL ONES. UNLESS WE CREATE ONE, THERE WILL BE NO BASIS ON WHICH TO HARMONIZE, MUCH LESS INTEGRATE NATIONAL PLANS, ALLOCATE RESOURCES RATIONALLY, AND ACHIEVE S/I. THE NEED FOR COMMONALITY IS SO GREAT THAT

NATO CAN NO LONGER AFFORD TO SUB-OPTIMIZE THE USE OF SCARCE RESOURCES BY TOO MUCH OF A PIECEMEAL APPROACH -- AS IS THE NORM TODAY. ERGO, WE NEED SOME MEANS OF NATO-IZING NATIONAL R AND D AND PROCUREMENT PROGRAMS -- OF GETTING THEM TO CONFORM BETTER TO OVERALL COALITION NEEDS. UNTIL SOME KIND OF A NATO PROGRAM IS DEVELOPED THERE WILL NOT EVEN BE A YARDSTICK AGAINST WHICH TO MEASURE (AND CRITIQUE) NATIONAL PROGRAMS. WITH MILITARY PRODDING, NATO HAS LAUNCHED A NEW ATTEMPT (UNDER CNAD AEGIS) TO MEET THIS NEED VIA A PERIODIC ARMAMENTS PLANNING SYSTEM (PAPS). BUT PAPS DOESN'T EXIST YET.

- THE NATO LONG RANGE DEFENSE PROGRAM (LRDP), BLESSED BY THE NATO MINISTERS, IS AN ADMIRABLE VEHICLE TO THIS END. IT IS SUPPOSED TO LOOK OUT AHEAD FAR ENOUGH TO ENCOMPASS WHAT WILL NECESSARILY BE A LENGTHY PROCESS, AND IT IS FLEXIBLE ENOUGH TO ACCOMMODATE RELATED ONGOING NATO EFFORTS THAT WILL CONTRIBUTE TO S/I (E.G., PAPS, FLEXIBILITY PROGRAMS, FORCE GOALS). THIS EXERCISE SHOULD INCLUDE SPECIFIC STANDARDIZED HARDWARE OPTIONS AS AN INTEGRAL PART OF THE HIGH PRIORITY

PROGRAM PACKAGES COMPRISING THE LRDP. BUT HOW DO THESE GET MULTILATERALLY EXECUTED IN CONCRETE TERMS? HERE IS WHERE PAPS COMES IN.

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- THE STEPS NECESSARY TO CREATING AN INSTITUTIONALIZED NATO R AND D AND ARMAMENTS PLANNING/PROGRAMMING PROCESS ARE PRESENTED BELOW IN LOGICAL ORDER. BUT TO APPROACH THEM SERIATIM WOULD LEAD TO INORDINATE DELAY. INSTEAD THEY SHOULD ALL BE ADDRESSED SIMULTANEOUSLY IN THE COURSE OF DEVELOPING THIS PORTION OF THE LRDP.

A. DECIDE FIRST ON WHAT MOST URGENTLY NEEDS TO BE STANDARDIZED OR AT LEAST INTEROPERABLE.

- THIS SEEMS TO BE THE FIRST KEY QUESTION. LET'S START BY ANALYZING WHAT THE BROAD PRIORITY NEEDS FOR S/I REALLY ARE, IN TERMS OF OPTIMUM COALITION WARFIGHTING CAPABILITY. IN SOME CASES ONLY INTEROPERABILITY IS NEEDED (AS DEMONSTRATED IN THE WORK OF THE NAC AD HOC COMMITTEE ON INTEROPERABILITY).

1. INTEROPERABLE IF NOT COMMON C3 CLEARLY IS A SINE QUA NON FOR THE EFFECTIVE CONDUCT OF COALITION WAR. MNCS ARE ALREADY PRESSING IT AS THE ONLY WAY NATO'S DISPARATE NATIONAL FORCES CAN BE OPERATED EFFECTIVELY BY THE ALLIANCE COMMAND STRUCTURE. COMMON PROGRAMS ARE ALSO PROBABLY THE ONLY WAY NATO CAN FUND THE HIGH TECHNOLOGY C3 NEEDED AT A COST IT CAN AFFORD. AS AN EXAMPLE OF POTENTIAL COST-SAVING, THE ACE CENTRAL ADP MASTER PLAN CALUCATES THAT WITHOUT STANDARDIZATION THE RATIO OF SOFTWARE TO HARDWARE IS 9.8:1. WITH STANDARDIZATION IT IS ONLY 1.8:1.

2. INTERCHANGEABLE MUNITIONS ARE ALSO OF HIGHEST PRIORITY. NEW US ARMY AND AIR FORCE STUDIES SHOW WHAT A GREAT DIFFERENCE THIS CAN MAKE IN NATO'S CNETRAL REGION. INTERCHANGEABILITY OF WRM STOCKS IS VITAL TO FLEXIBLE DEFENSE. IT IS ALSO A MULTI-BILLION DOLLAR DEFENSE BUDGET ISSUE, BECAUSE IT DIRECTLY AFFECTS HOW MUCH SUSTAINABILITY WE SHOULD PROGRAM FOR. BUT DO ALL  
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MUNITIONS HAVE TO BE INTERCHANGEABLE IN ALL GEOGRAPHIC OR FUNCTIONAL AREAS? THE ISSUE SHOULD BE ANALYZED.

3. COMMON FUELS--ANOTHER HIGH CONSUMPTION ITEM--ARE ALSO CENTRAL TO FLEXIBILITY. THIS HAS LARGELY BEEN ACHIEVED BUT SEVERAL PROBLEM AREAS REMAIN.

4. AIRCRAFT CROSS-SERVICING IS HIGH PRIORITY, ONLY PARTLY SUBSUMED IN 2 AND 3 ABOVE. INABILITY TO REFUEL, REARM, AND SERVICE ONE ANOTHER'S AIRCRAFT SERIOUSLY REDUCES ALLIED CAPABILITIES TO ACHIEVE ADEQUATE SORTIE RATES AND THE LIKE. THE GOOD BEGINNING MADE BY THE AD HOC COMMITTEE MUST BE ACCELERATED.

5. COMPATIBLE BATTLEFIELD SURVEILLANCE/TARGET ACQUISITION SEEMS OF HIGH PRIORITY--FOR OPTIMUM FLEXIBLE USE OF AVAILABLE COALITION FIREPOWER. SONOBUOYS SHOULD ALSO BE PLACED IN THIS CATEGORY.

6. S/I OF COMPONENTS AND SPARE PARTS WOULD PROVIDE MAINTENANCE AND LOGISTIC BENEFITS.

- IN SUM, THE LONG TERM NATO DEFENSE PROGRAM SHOULD FOCUS HEAVILY ON HIGH PRIORITY AREAS LIKE THOSE ABOVE, INSTEAD OF DILUTING OUR EFFORT UNDLY. INSTEAD OF PIECEMEAL APPROACHES, WE SHOULD DECIDE WHAT DEGREE OF S/I IN WHICH AREAS IS MOST ESSENTIAL FROM A COALITION WARFIGHTING VIEWPOINT AND THEN DESIGN PROGRAMS ON THIS BASIS.

B. IMPACT ON TOTAL NATO WARFIGHTING CAPABILITY SHOULD BE THE PARAMOUNT CRITERION BY WHICH S/I OPTIONS ARE EVALUATED.

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- IT IS AMAZING HOW MOST NATIONAL DECISIONS SEEM TO BE MADE PRIMARILY ON THE BASIS OF NARROWLY DEFINED SERVICE "TECHNICAL" REQUIREMENTS, WITHOUT MUCH IF ANY CONSIDERATION OF BROADER OPERATIONAL NEEDS. THE EXPERTS AND NON-EXPERTS ARGUE INTERMINABLY OVER WHICH SYSTEM IS "SUPERIOR", WITHOUT EVEN ADDRESSING THE WIDER ISSUES OF WHY THEY ARE BUYING SUCH MILITARY HARDWARE UNILATERALLY IN THE FIRST PLACE WITHOUT CONSIDERING COALITION NEEDS. UNTIL RECENTLY WE HAVE NEVER EVEN ANALYZED QUANTITATIVELY WHAT BATTLEFIELD DIFFERENCE S/I WOULD MAKE. THOUGH ADMITTEDLY STILL CRUDE, PRELIMINARY STUDIES SHOW, FOR EXAMPLE, THAT AMMUNITION INTERCHANGEABILITY CAN MAKE AN ENORMOUS DIFFERENCE, FAR TRANSCENDING THE TECHNICAL DIFFERENCES BETWEEN SUCH MUNITIONS.

C. NEXT, DEFINE COMMON MILITARY REQUIREMENTS.

- AMONG OTHER THINGS, NATO MUST TRY TO DEVELOP REQUIREMENTS BASED ON THE SORT OF PRIORITIES CALLED FOR IN A ABOVE. THIS IS LOGICALLY THE NEXT STEP IN THE PROCESS. WITH THE NEW STRESS ON S/I IN NATO IT IS



AGAIN BEING PRESSED BY NATO'S MILITARY AUTHORITIES.  
THE MILITARY COMMITTEE RECOMMENDED IN NOVEMBER 1975  
THAT NATO DEVELOP A LONG-TERM CYCLICAL ARMAMENTS  
PLANNING PROCESS WHICH WOULD INCLUDE A PROCESS FOR  
DEFINITION OF COMMON NATO EQUIPMENT REQUIREMENTS. BUT  
PAST EXPERIENCE SHOWS HOW HARD THIS IS TO DO COLLEGIALLY  
IN SUFFICIENTLY PRECISE FORM TO SERVE AS A GUIDE TO  
ACTION (IN FACT, IT'S HARD ENOUGH TO DEVELOP SUCH  
REQUIREMENTS NATIONALLY). THE FAILURE OF THE NBMR  
APPROACH OF THE EARLY 1960S LEFT A BAD TASTE IN THE  
MOUTHS OF MANY. THE NBMRS EITHER IGNORED THE NEEDS  
AND DESIRES OF NATIONS OR ELSE BECAME TOP-HEAVY WITH  
NICE-TO-HAVE, BUT NOT-REALLY-NECESSARY FEATURES, OR BOTH.

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- FRESH ATTEMPTS TO DEAL WITH THIS AREA MUST ENVISION  
MACHINERY WHICH CAN BOTH TAKE NATIONAL VIEWS INTO  
ADEQUATE ACCOUNT AND ACCOMMODATE THE HARD REALITIES.  
THEY MUST BE FLEXIBLE AND CAPABLE OF EVOLUTION AND  
ADJUSTMENT. EVEN A FIRST APPROXIMATION WILL BE USEFUL.  
USE OF A NATO MISSION ELEMENT NEED STATEMENT (MENS) COULD  
BE VEHICLE FOR DEVELOPING COMMON REQUIREMENTS. NATO  
MILITARY AUTHORITIES, THE MILITARY AGENCY FOR STANDARDIZA-  
TION AND CNAD WOULD EACH HAVE RESPONSIBILITY FOR KEY  
PORTIONS OF THE MENS.

D. DEVELOP AN OVERALL NATO R AND D ARMAMENTS PROGRAM  
TO HARMONIZE NATIONAL PROGRAMS FOR MEETING THE ABOVE  
NEEDS.

- THE NEXT STEP MUST BE TO PULL TOGETHER DISPARATE  
NATIONAL PROGRAMS ACCORDING TO SOME RATIONAL PATTERN.  
THIS IS THE HEART OF THE PROBLEM--AND OF ANY PAPS.  
EVEN IF WE END UP STILL DEALING WITH R AND D AND CO-  
PROCUREMENT MOSTLY ON AN ITEM-BY-ITEM BASIS, LET'S  
AT LEAST TRY TO DO SO IN CONFORMANCE WITH SOME OVERALL  
COLLECTIVE NATO PLAN. THIS IS WHAT PAPS IS SUPPOSED TO  
DO. AT THE MINIMUM IT IS SUPPOSED TO COLLATE NATIONAL  
ARMAMENTS REQUIREMENTS AND PROPOSED EQUIPMENT SCHEDULES,  
LOOKING OUT AS FAR AHEAD AS NECESSARY FOR THIS PURPOSE--  
AT LEAST 10 TO 15 YEARS. EVEN THIS COLLATING JOB

WOULD BE A STEP FORWARD, SINCE IT WOULD SHOW THE  
OPPORTUNITIES FOR S/I -- AND THE RISKS OF THE REVERSE.  
THEN AT LEAST THE OVERLAP AND DUPLICATION IN NATIONAL  
PROGRAMS COULD BE POINTED OUT, AND THE NEED FOR S/I  
IDENTIFIED.

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- BUT A PAPS WHICH STOPS HERE IS FAR FROM GOOD ENOUGH. IT SHOULD ALSO INCLUDE MACHINERY AND PROCEDURES FOR PORPOSING WHAT NATO SHOULD DO ABOUT THESE S/I OPPORTUNITIES. IF PAPS MUST BECOME THE VEHICLE FOR HARMONIZING NATIONAL PROGRAMS, A MATRIX MUST BE DEVELOPED WHICH WOULD FACILITATE MORE SENSIBLE DECISIONS AMONG NATIONAL PROGRAMS. THEN AT LEAST RELEVANT NATIONAL R AND D PROCUREMENT PROGRAMS COULD BE MATCHED AGAINST SOME PROPOSED NATO YARDSTICK, AND NATIONAL MULTILATERAL SOLUTIONS PROPOSED.

- HERE WE GET INTO THE SENSITIVE PROBLEM OF DOVETAILING NATIONAL R AND D AND PROCUREMENT PROGRAMS INTO SOME RATIONAL COLLECTIVE WHOLE. PAPS MUST BECOME AN INTEGRAL PART OF A LONG-RANGE NATO DEFENSE PROGRAM WHICH WOULD OFFER PROGRAMMATIC SOLUTIONS FOR MINISTERIAL REVIEW. ONLY AT MINISTERIAL LEVEL WOULD SUCH SOLUTIONS HAVE MUCH CHANCE OF BEING BOUGHT.

- SINCE NATO IS A COALITION OF SOVEREIGN STATES, NATIONAL PROGRAMS WILL INFLUENCE ANY COLLECTIVE NATO PROGRAM MUCH MORE THAN THE REVERSE. THE BEST NATO CAN DO IS TO NUDGE THESE PROGRAMS IN THE DIRECTION OF COMMANALITY. TO DO SO WILL REQUIRE A GROWING PROCESS OF INTERACTION BETWEEN NATO AND NATIONAL PLANNING/PROGRAMMING. THUS AT THE SAME TIME AS WE TRY TO CREATE A NATO R AND D AND ARMAMENTS PROCESS, WE MUST STRIVE TO NATO-IZE THE RELATED NATIONAL PROCESSES (WHICH MAKE UP ITS BUILDING BLOCKS) MORE EFFECTIVELY THAN BEFORE.

E. TRY TO DEVELOP A COORDINATED R AND D PROGRAM.

- NATO'S CONSTRAINED R AND D RESOURCES NEED BETTER FOCUSING TO AVOID WASTEFUL OVERLAP AND DUPLICATION. AS PART OF PAPS WE SHOULD TRY TO RATIONALIZE THEIR USE BY AGREEMENT THAT CERTAIN COUNTRIES WOULD DO CERTAIN  
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PROJECTS, OR EVEN JOIN IN COMMON R AND D EFFORTS IN SOME CASES. CNAD (AND THE IEPG) MAKE A STAB AT THIS NOW, BUT THEY COULD DO BETTER. MAKING THIS PART OF THE LRDP OR A FOLLOW-ON TASK WOULD BE USEFUL.

F. USE PAPS TO DEVELOP COMMON PROGRAM PACKAGES FOR KEY SYSTEMS.

- HERE IS ANOTHER FACET OF THE LRDP WHICH CAN HELP INSTITUTIONALIZE A NATO R AND D AND PROCUREMENT PROCESS. SUCH PACKAGES CAN BE STIMULATED BY A PAPS AND IN TURN CONTRIBUTE TO TI, THUS HELPING INVOLVE NATIONS IN COMMON PROGRAMS.

G. DEVELOP COMMON TEST AND EVALUATION STANDARDS AND IF POSSIBLE COMMON FACILITIES.

- THIS, TOO, SHOULD SUPPORT THE PAPS.

H. KEEP FOCUS ON INTEROPERABILITY FOR SHORT-TERM PAYOFFS.

- RETAINING AND REVITALIZING THE AD HOC COMMITTEE ON THIS SUBJECT WOULD KEEP PRESSURE ON NATIONS AND CNAD. IT HAS BEEN QUITE USEFUL SO FAR. BUT THE MAIN THRUST TOWARD INTEROPERABILITY WILL HAVE TO COME FROM CNAD VIA THE PAPS. FORTUNATELY, ALL THREE OF THESE GROUPS INCLUDE FRANCE.

I. DEVELOP NATO MACHINERY FOR CONFIGURATION CONTROL.

- THIS IS ESSENTIAL TO KEEP S/I FROM BEING SUBSEQUENTLY UNDERCUT BY UNILATERAL NATIONAL MODIFICATIONS. PERHAPS  
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IT COULD BE MADE PART OF PAPS.

J. DEVELOP LICENSING, PATENT, AND INFORMATION CLASSIFICATION POLICIES TO ENCOURAGE INTERNATIONAL COOPERATION.

- CNAD'S INTELLECTUAL PROPERTY GROUP (AC/94) IS STUDYING PROBLEMS IN THE FIELD OF LICENSING AND CO-PRODUCTION. THE AC/94 GROUP HAS DEFINED INTELLECTUAL PROPERTY AS ALL FORMS OF INTELLECTUAL OR TECHNICAL INFORMATION INCLUDING INVENTIONS, SPECIFICATIONS, DESIGNS, PRODUCTION PROCESSES OR TECHNIQUES, DRAWINGS, MODELS, PLANS, DOCUMENTS AND SOFTWARE. IN ITS RECENT WORK, AC/94 HAS GATHERED A COMPENDIUM OF IMPEDIMENTS TO STANDARDIZATION RELATED TO BOTH COMMERCIAL AND GOVERNMENT PRACTICES (AND IN SOME CASES TO NATIONAL LAWS) IN THE AREA OF INTELLECTUAL PROPERTY. WITH SUFFICIENT NATO AND NATIONAL EMPHASIS, AC/94 COULD RECOMMEND POLICIES DEALING WITH FREER LICENSING POLICIES, COMMON POLICY ON TECHNOLOGY RELEASE, CO-PRODUCTION AND OFFSET SCHEMES, ELIMINATION OF RESTRICTIVE NATIONAL LAWS AND PRACTICES TO FACILITATE CROSS-LICENSING, AND ADJUSTMENT TO ARMS TRANSFER RESTRAINTS. THE EASIER WE MAKE IT FOR ALLIES TO EXCHANGE TECHNOLOGY

THE MORE THEY WILL BE LIKELY TO DO SO. OUR GOAL SHOULD BE LOW-COST OR NO-COST CROSS-LICENSING WHEN A SYSTEM IS BOUGHT OR PRODUCED BY MORE THAN TWO ALLIES.

III. DEVELOP SUITABLE MACHINERY FOR THE ABOVE PURPOSES

- EXPERIENCE SHOWS THAT NOT MUCH WILL HAPPEN UNLESS WE CREATE NEW MACHINERY AND PROCEDURES -- BOTH NATIONALLY AND IN NATO -- FOR EXPLOITING THESE TECHNIQUES. SUCH MACHINERY DOES NOT REALLY EXIST TODAY, OR WHERE IT DOES IT HAS BEEN DEMONSTRABLY INEFFECTIVE.

A. STRENGTHEN THE ABILITY OF THE NATO BUREAUCRACY TO SPUR THE S/I AND HARMONIZATION PROCESS.  
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- GIVEN ITS NATIONAL ORIENTATION, THE CNAD STRUCTURE IS STILL INDISPENSABLE, SINCE IN A COALITION OF SOVEREIGN STATES LIKE NATO NATIONS WILL NECESSARILY RETAIN THEIR

OWN ULTIMATE POWER OF DECISION. BUT THE CNAD ALONE, BEING A COMMITTEE OF NATIONAL REPRESENTATIVES, WHICH AT THE HIGHEST LEVEL MEET FOR TWO OR THREE DAYS TWICE A YEAR, CANNOT BE RELIED UPON TO DRIVE THE COMMONALITY PROCESS. THEIR ELABORATE NETWORK OF COMMITTEES AND WORKING GROUPS SUFFERS FROM THE SAME DISABILITY OF BEING STAFFED BY NATIONAL REPRESENTATIVES REFLECTING MOSTLY PAROCHIAL NATIONAL VIEWPOINTS (ESPECIALLY THE SERVICE-LEVEL SUBGROUPS). THUS, THE BEST SOLUTION, PARTIAL THOUGH IT MAY BE, IS TO STRENGTHEN THE INFLUENCE OF THE NATO BUREAUCRACY OVER THE CNAD SUBORDINATE ORGANIZATIONS. THE ROLEROLE OF THE ASYG FOR DEFENSE SUPPORT IS KEY IN THIS REGARD, SINCE THE ASYG SERVES AS CNAD CHAIRMAN. IN VIEW OF DEMANDS ON THE CHAIRMAN'S TIME, HE CLEARLY NEEDS MORE STAFF TO MEET HIS S/I RESPONSIBILITIES.

B. DEVISE PROCEDURES TO FORCE CONSISTENT MINISTERIAL LEVEL FOCUS ON KEY ISSUES.

- EVEN NATIONAL ARMAMENTS DIRECTORS LACK SUFFICIENT CLOUT TO COMMIT THEIR GOVERNMENTS. SEVERAL OF THEM ARE NOT CHIEF PROCUREMENT EXECUTIVES. ONLY AT MINISTERIAL LEVEL CAN MOST PAINFUL DECISIONS BE TAKEN. SO MINISTERS MUST BE KEPT INVOLVED VIA SYSTEMATIC PROCEDURES FOR RAISING ISSUES TO THE POLITICAL LEVEL, SUCH AS THE PROPOSAL FOR REQUIRING EACH DPC MINISTERIAL SESSION TO CONSIDER AT LEAST TWO ISSUES RAISED BY CNAD. ONLY SUCH ADMITTEDLY ARBITRARY PROCEDURES WILL MEET THE NEED.  
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C. STRENGTHEN THE MAS.

- CREATED IN 1951, MAS HAS FOCUSED MOSTLY ON "SOFTWARE," PROMULGATING TO DATE OVER 600 STANDARDIZATION AGREEMENTS (STANAGS) ON DOCTRINE, PROCEDURES, AND SOME EQUIPMENT PARAMETERS. BUT THESE STANAGS HAVE OFTEN BEEN CRITICIZED AS TOO GENERALIZED (BECAUSE OF NEED TO GET AGREEMENT BY ALL). AT PRESENT MAS IS MARGINALLY EFFECTIVE, THE MC RECENTLY STRENGTHENED IT, BUT FAR FROM ENOUGH. THE MAS SHOULD BE UPGRADED, GIVEN A THREE-STAR OR FOUR-STAR HEAD, AND CHARGED IN ADDITION TO PRESENT FUNCTIONS WITH (1) IMPLEMENTING THE MENS CONCEPT; (2) DEVELOPING COMMON TEST AND EVALUATION STANDARDS; AND (3)

RESPONSIBILITY FOR CONFIGURATION CONTROL.

D. BE FLEXIBLE IN CLOOSING WHICH FORUM TO USE.

- THERE IS NO SINGLE FORUM IN WHICH TO PURSUE S/I OR PRODUCTION SHARING. THE NAC, CNAD, NMAS, EUROGROUP, IEPG, AND POTENTIALLY OTHERS ALL HAVE A SHARE OF THE PIE. NOR IS IT PROFITABLE AT THIS POINT TO DIVERT UNDUE ENERGY TO TRYING TO REORGANIZE THE SITUATION. LET THIS EVOLVE NATURALLY INSTEAD. WHILE THE PAPS SHOULD BE USED AS AN OVERALL PARAMETRIC DESIGN OF WHAT IS NEEDED, IN ACTUAL PROJECT NEGOTIATIONS THE ALLIANCE SHOULD FLEXIBLY EMPLOY WHATEVER FORUM SEEMS LIKELY TO PRODUCE THE OPTIMUM RESULT.

IV. USE MONEY TO DRIVE THE COMMONALITY PROCESS

- WHILE THE ABOVE PROPOSALS WOULD GENUINELY INSTITUTIONALIZE THIS KEY PORTION OF ANY NATO LRDP, EVEN ALL THIS IS FAR FROM ENOUGH TO REALLY DRIVE S/I. OTHER INCENTIVES ARE CRITICALLY IMPORTANT. SINCE FUNDING IS WHAT FUELS  
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THE PROGRAMMING AND PROCUREMENT PROCESS, IT IS BY FAR THE MOST EFFECTIVE CARROT FOR ENCOURAGING COMMONALITY AND ITS DENIAL BY FAR THE MOST EFFECTIVE STICK. HENCE LET'S DELIBERATELY STRUCTURE NATIONAL AND NATO FUNDING PROCESSES TO FORCE S/I AND THE TWO-WAY STREET. HOREOVER, ONLY VIA COLLECTIVE FUNDING CAN MANY NATIONS EVEN AFFORD TO PARTICIPATE IN COMPLEX HIGH TECHNOLOGY AND ENORMOUSLY

COSTLY SYSTEMS LIKE AWACS OR MRCA.

A. FIND WAYS TO REDUCE THE CURRENTLY HIGH COSTS OF MANY FORMS OF ARMAMENTS COOPERATION, THUS ENHANCING THEIR DESIRABILITY.

- UNFORTUNATELY, TODAY S/I OFTEN SEEMS TO ENTAIL ADDED COSTS. YET THIS RESULTS PRIMARILY FROM THE WAY IT IS DONE. IN THE MRCA OR F-16 CASES, CO-PRODUCTION LED TO HIGHER TOTAL COSTS THAN SINGLE SOURCE PROCUREMENT, ALTHOUGH THE COST TO EACH NATIONAL PARTICIPANT COULD STILL BE LESS THAN IF IT ACTED ALONE. CO-PRODUCTION AND OFFSET SCHEMES ALSO ENTAIL GREAT MANAGEMENT COMPLICATIONS. IF NATO CAN OVER TIME MOVE AWAY FROM THESE COSTLIER FORMS, QUITE SUBSTANTIAL SAVINGS WOULD BE FEASIBLE, WHILE PRESERVING REASONABLE EQUITY. THERE ARE SEVERAL WAYS TO PROMOTE THIS, IN NATO OR NATIONALLY (OR BOTH).

B. REQUIRE COMMONALITY OPTIONS WHEREVER RELEVANT BEFORE FUNDING NATIONAL D OR PROCUREMENT.

- THIS IS PRIMARILY A MATTER FOR EACH NATIONAL DEFENSE MINISTRY, SINCE NATO HAS NO SUCH FUNDS. THE US, FOR EXAMPLE, WOULD HAVE TO INSTITUTIONALIZE SUCH OPTIONS AT EVERY STAGE OF R&D AND PROCUREMENT FUNDING, E.G., THE POMS AS WELL AS THE DSARC, REQUIRING NATO-IZED ALTERNATIVE

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TIVES AS A MATTER OF ROUTINE WHEREVER RELEVANT, AND DENY FUNDS WHERE THESE ALTERNATIVES ARE NOT PROVIDED. SUCH ALTERNATIVES SHOULD ALSO BE STRUCTURED TO SHOW POTENTIAL COST SAVINGS (OR ADD-ONS) FROM VARIOUS FORMS OF SHARING, WITH THE PROS AND CONS CITED IN EACH CASE. THIS APPROACH SHOULD STAND A GOOD CHANCE OF RECEIVING LEGISLATIVE SUPPORT.

C. DESIGN COMMON PROGRAM PACKAGES OF RELATED ITEMS FOR SHARED DESIGN OR PRODUCTION.

- IF THESE CAN BE WORKED OUT THEY PROVIDE REAL LEVERAGE. EACH NATION THAT BOUGHT FROM OTHERS WOULD GET SOMETHING IN RETURN. SUCH SHARING ON A MULTI-NATION BASIS WOULD HELP DRIVE COMMONALITY BY INVOLVING NATIONS IN AGREED PROGRAMS FROM WHICH EACH GETS A SHARE OF THE PIE. EACH NATION COULD THEN USE THE AGREED PACKAGE AS A REASON FOR SEEKING FUNDING OF NON-STANDARD PROCUREMENT FROM ITS PARLIAMENT.

D. TRY FOR COMMON FUNDING WHERE FEASIBLE.

- MULTILATERAL FUNDING ACCORDING TO SOME AGREED SHARING FORMULA (PROBABLY DIFFERENT IN EACH CASE) WOULD GREATLY FACILITATE COMMON PROGRAM PACKAGING -- AND VICE VERSA. SUCH FUNDING SCHEMES HAVE WORKED IN NATO (INFRASTRUCTURE, CIVIL AND MILITARY BUDGETS, NADGE, NICS). THOUGH THEY HAVE ENTAILED ADDED COST WHEN PRODUCTION SHARING WAS INVOLVED, THEY HAVE OBVIOUSLY BEEN CONSIDERED WORTH IT.

E. BALANCE NATIONAL SHARING ON A BROADER THAN ITEM-BY-ITEM BASIS.

- AS URGED EARLIER, A BROAD PROGRAM APPROACH TO S/I IS PREFERABLE TO THE PRESENT SUB-OPTIMAL SYSTEM-BY-SYSTEM APPROACH. AN ADDED MAJOR ADVANTAGE IS THAT IT WOULD CONFIDENTIAL

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HELP AVOID WASTING SCARCE RESOURCES BY DRIVING UP COSTS.

EXCEPT IN A FEW CASES THE NORM TODAY IS FOR TWO OR MORE COUNTRIES TO DECIDE TO PRODUCE OR BUY A SINGLE SYSTEM, THEN SET UP PRODUCTION CONSORTIA (MRCA, MILAN) OR ELABORATE OFFSET SCHEMES (F-16, AWACS) FOR NEGOTIATED SHARING. THE RESULT IS TO BUILD HIGHER COSTS INTO THE WAY WE DO BUSINESS. TO SOME EXTENT THIS RESULTS FROM NATIONAL DESIRES TO PROTECT TECHNOLOGY OR INDUSTRIAL BASE. BUT TO SOME EXTENT IT IS DRIVEN BY EACH PARTICIPANT'S DESIRE TO GET A FAIR SHARE OF THE BUSINESS.

- IF WE CAN VIA PAPS ASSURE EQUITABLE SHARING VIA AN OVERALL AVERAGING OF MULTIPLE PROJECTS RATHER THAN ITEM-BY-ITEM, IT WOULD REDUCE MUCH OF THE WASTE AND INEFFICIENCY. SUCH AGREEMENT AMONG NATIONS TO WORK OUT ACCEPTABLE SHARING OF R&D AND EQUIPMENT PRODUCTION IS NEEDED IN ORDER TO GET S/I. THE TRICK IS TO STRUCTURE SHARING IN SUCH A WAY THAT WE ALL GET THE MOST FOR OUR MONEY. THE BROADER THE FRAMEWORK WITHIN WHICH BARGAINING CAN TAKE PLACE, THE MORE COST-EFFECTIVE THE PROCESS WILL BE. THE TECHNIQUE FOR DOING SO WOULD BE TO DESIGN A MULTI-PROJECT SCHEDULE OR "MATRIX" IN WHICH NATO COULD BALANCE OFF NATIONAL "BUYS" AGAINST "SALES" OVER A SPECIFIED PERIOD OF YEARS. A MATRIX CONCEPT SHOULD NOW BE DEVELOPED AS A LOGICAL OUTGROWTH OF THE PAPS BEING DEVELOPED TO COLLATE NATIONAL EQUIPMENT PROGRAMS. INDEED, IT SHOULD BECOME AN INTEGRAL PART OF THE PAPS PROCESS. CNAD SHOULD BE TASKED TO DEVELOP A SERIES OF ALTERNATIVE MATRICES TO SHOW DIFFERENT WAYS OF SHARING OR CO-FUNDING COMMON PROGRAM PACKAGES ONCE THEY ARE DEVELOPED. LET'S USE THE LRDP TO PROMOTE THESE SOLUTIONS.

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F. REDUCE COSTS BY NOT "NATIONALIZING" FOREIGN SYSTEMS  
UNLESS IMPERATIVE.

- MOST MEMBERS OF THE ALLIANCE HAVE BEEN GUILTY OF  
INCORPORATING NATIONAL PREFERENCES INTO WHAT WOULD OTHER-  
WISE BE COMMON SYSTEMS. FOR EXAMPLE, ALLIANCE COUNTRIES  
HAVE NATIONALIZED 40MM GUNS TO THE POINT THAT AMMUNITION  
OF ONE NATION IS SELDOM INTEROPERABLE WITH THAT OF  
ANOTHER.

G. REDUCE REQUIREMENTS FOR FULL-SCALE RETESTING OF  
FOREIGN SYSTEMS.

- DEVELOP PROCEDURES FOR COOPERATION AND COST SHARING  
IN EQUIPMENT TESTING. SUCH COSTS COULD BE REDUCED IF  
COMMON NATO TEST AND EVALUATION STANDARDS WERE AGREED

AND ALLIES COULD ACCEPT EACH OTHER'S TESTING. A CNAD  
WORKING GROUP IS NOW TRYING TO DEVELOP COMMON TEST  
CRITERIA FOR NATO NAVIES. EXPAND THIS WORK TO ALL  
MILITARY SERVICES. END TEXT.

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